

CHANDLER MHM

Newsletter

DEBT SECURITIES REGULATIONS AMENDED

The Security and Exchange Commission (the “SEC”) has issued nine Notifications of the Capital Market Supervisory Board and three Notifications of the Securities and Exchange Commission designed to enhance investor protection mechanisms and foster the development of the debt securities market (the “Notifications”). The Notifications were announced on 31 July 2020. Possible investors should be aware that among other amendments included in the Notifications, changes to the type of investors permitted in a private placement (“PP-10 Eligible Investors”) will become effective on 1 July 2021.

Current regulations for PP-10 Eligible Investors

Under the current regulations, the Notification of the Capital Market Supervisory Board No. Tor Chor. 17/2561 Re: Application and Approval for an Offer for Sale of Newly Issued Debt Securities (as amended) (the “Notification No. Tor Chor. 17/2561”), PP-10 Eligible Investors include the following:

- a) institutional investors;
- b) high net worth investors; and
- c) investors related to the issuer.

Examples of investors related to the issuer include customers, suppliers, potential business partners of the issuer, any shareholder of the issuer holding at least 5% of the total shares, directors, executives, employees of the issuer.

Key amendments

Amendments to the current regulations for PP-10 Eligible Investors are included in the Notification of the Capital Market Supervisory Board No. Tor Chor. 37/2563 re: Application and Approval for an Offer for Sale of Newly Issued Debt Securities (No.3) (the “Notification No. Tor Chor. 37/2563”). Notification No. Tor Chor. 37/2563 limits PP-10 Eligible Investors to (i) institutional investors; and (ii) investors related to the issuer, eliminating “high net worth investors”. The definition of investors related to the issuer is being amended to include the following:

- a) directors;
- b) executives;
- c) major shareholders; and
- d) affiliate companies of the issuer.

Other amendments in the Notifications

Other amendments in the Notifications include, for example, additional qualifications of issuers who offer debt securities to high net worth investors, reporting duties of the issuer to the debenture holders’ representative(s) in the case that the issuer defaults on the principal or interest payments, and a reduction of filing forms.

If you require any advice on any of the issues raised in this briefing please contact the authors listed in the right hand column.

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